

STATE OF CONNECTICUT

ENERGY & TECHNOLOGY COMMITTEE

RAISED SB No. 224- An Act concerning the Capacity and Criteria for Certain Renewable Energy Generation Facilities

**Written Testimony of
William Corvo
on Behalf of
CT Energy & Technology, LLC**

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March 1, 2016
Written Testimony of William Corvo, President, CT Energy & Technology, LLC
before
Connecticut Energy & Technology Committee -

Chairmen Doyle and Reed, Senator Formica and Representative Ackert, members of the Energy & Technology Committee of the Connecticut State Legislature, my name is Bill Corvo. I am President of CT Energy & Technology, a Connecticut company. I appear before you today in support of Raised SB 224 - An Act Concerning the Capacity and Criteria for Certain Renewable Energy Generation Facilities which amends Section 16-244(v) of the general statutes.

When enacted, Raised SB 224 with the additional language I suggest to you today will:

- **Greatly increase the likelihood that Connecticut will achieve 20% renewable energy generation goal by 2020;**
- **Create a powerful economic development tool which will provide jobs for Connecticut companies; and**
- **Increase Connecticut sales tax, income tax and municipal tax revenues without the State of Connecticut having to spend any funds to make these benefits happen.**

The additional amendments we suggest today propose:

- 1) Expanding the projects that are allowed to participate in this type of renewable generation activity to include all "Class I renewable energy sources as defined in section 16-1." This amendment allows all Class I renewable energy technologies including fuel cells to participate; and
- 2) Allowing "Owners or developers of generation projects acting with the support of the host municipality" to submit development proposals directly to the Connecticut DEEP; and finally
- 3) Expanding the total amount of renewable energy capable of being approved by the Connecticut DEEP from its current 30 megawatts to an aggregate of 200 megawatts from July 1, 2016 thru July 1, 2019.

These amendments are important for the following reasons:

- 1) Expanding applicability of section 16-244(v) to include all Class I renewable energy sources removes any doubt as to the intent of the statute. Connecticut energy policy

has clearly defined a collective State goal to achieve 20% renewable energy generation by 2020. Utilizing current procurement methodology it is doubtful that anything close to that goal will be achieved. Our suggested amendment to allow all Class I renewable energy generation technologies to participate greatly increases the probability that Connecticut will achieve its 20% goal. This is because it would allow fuel cell technology - Connecticut's home grown Class I renewable energy technology - to participate. Without the amendment, only Class I renewables that "emit no pollutants" would be allowed to participate. Such a limitation runs contrary to Connecticut's energy policy and renewable energy goals.

- 2) Allowing owners and developers of generation projects acting with the support of municipalities to submit development proposals directly to the Connecticut DEEP will greatly increase the number of qualified projects that can be built in Connecticut to meet the 20% generation goal by 2020. Such in-state renewable energy generation projects present enormous economic and tax revenue benefits for both local and state governments. The proposed amendment will allow developers working in conjunction with Connecticut's 169 communities the option to fast track important renewable energy projects for technical and financial examination by the Connecticut DEEP and PURA.
- 3) Increasing capacity from 30 megawatts to 200 megawatts will allow developers of Class I renewable energy projects the opportunity to utilize this methodology to obtain long term contracts which is a critical element for project financing.

BENEFITS OF THE PROPOSED AMENDMENTS

Allow me to provide you with some of the benefits of moving forward with the suggested amendments:

First and foremost the proposed amendments do not cost the Connecticut taxpayer money. We are not asking the State of Connecticut to provide any direct funding for the implementation of these changes. The key element is the rapid review of qualified projects with the specific intent to provide them with long-term contracts.

Second, once projects are approved it will immediately move the quantity of renewable energy rapidly in the direction of our collective goal of achieving 20% renewable generation in Connecticut by 2020.

Third, once projects are approved and obtain project financing the economic impact on Connecticut will be positive and substantial. The Beacon Falls Energy Park, a project which we are currently developing, illustrates the positive economic and tax revenue benefits to Connecticut of in-state fuel cell generation projects. This 63.3 megawatt fuel cell project, to be

located in Beacon Falls, Connecticut, will be the largest fuel cell project in the world and the largest Class I renewable energy project in Connecticut. The economic and tax revenue benefits of this project can be repeated dozens of times at towns and cities around Connecticut once these proposed amendments are approved.

For example, the economic impact of the Beacon Falls project will provide direct manufacturing and engineering jobs for hundreds of people in Connecticut. The Beacon Falls Energy Park will use fuel cells manufactured by FuelCell Energy, Inc. at their plant in Torrington, Connecticut. Many of these jobs will be sustained as FuelCell will operate, maintain and re-supply the equipment pursuant to an operation and maintenance agreement. Additionally, the project will pay Connecticut sales tax on the Connecticut-manufactured fuel cell equipment as well as sales tax for the operations and maintenance of the equipment for the life of the operations and maintenance agreement.

The physical development of the power generation facility in Beacon Falls will also provide 115 trade and professional jobs for individuals with skills in mechanical systems, civil engineering, engineering and general labor during the two-and-a-half year construction period for the project. All of these employees will be paying Connecticut income tax.

The project will also provide substantial tax revenue to its host community. The Town of Beacon Falls has entered into a twenty year tax agreement with the project which provides the Town with nearly \$50 million dollars over the term of the agreement.

These economic benefits - jobs, state tax revenue streams and the substantial local tax benefits - can be repeated across the State of Connecticut once these amendments are approved.

Fourth, in addition to providing tax revenue to the states and towns, the amendment language also allows projects to be developed where needed. We are examining Connecticut's fuel cell technologies provided by FuelCell Energy, Inc. and by Doosan Fuel Cell America, another Connecticut fuel cell manufacturer based in South Windsor. These Connecticut based companies have top notch research and development engineers and excellent capability to manufacture fuel cells for renewable energy developments quickly, efficiently and competitively. The amendments provide an opportunity for these Connecticut companies to increase their sales -which in turn will provide more high-value Connecticut manufacturing, research, engineering and development jobs and generate significant tax revenue for Connecticut and the municipal host communities.

Finally, in full disclosure, we have not had discussions with anyone from either electric distribution company relative to the proposed amendments we are providing to this committee. We have drafted our proposed amendatory language with the specific purpose to provide a tool which developers would be able to use to bring forward renewable energy projects. The

procurement methodology would conform to both DEEP and PURA requirements. We are not asking for a contract from anyone.

Thank you for your time and your attention.

Respectfully submitted,

Bill Corvo

President

CT Energy & Technology, LLC

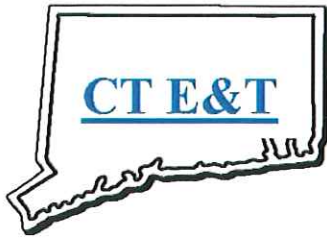
MUNICIPAL RENEWABLE ENERGY ACT
To Achieve 20% Renewable Energy By 2020 Amendments To

AN ACT CONCERNING THE CAPACITY AND CRITERIA FOR CERTAIN RENEWABLE ENERGY GENERATION FACILITIES.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. Subsection (a) of section 16-244v of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2016*):

(a) An electric distribution company, or owner or developer of generation projects [~~that emit no pollutants~~] using Class I renewable energy sources as defined in section 16-1, may submit a proposal to the Department of Energy and Environmental Protection to build, own or operate one or more generation facilities up to an aggregate of [~~thirty~~] two hundred megawatts [~~using Class I renewable energy sources as defined in section 16-1~~] from July 1, [~~2011~~] 2016, to July 1, [~~2013~~] 2019. Owners or developers of generation projects shall act with the support of the host municipality in submitting proposals under this section. Each facility shall be greater than one megawatt but not more than [~~five~~] sixty-five megawatts. Each electric distribution company may enter into joint ownership agreements, partnerships or other agreements with private developers to carry out the provisions of this section. The aggregate ownership for an electric distribution company pursuant to this section shall not exceed [~~ten~~] sixty-five megawatts. The department shall evaluate such proposals pursuant to sections 16-19 and 16-19e and may approve one or more of such proposals if it finds that the proposal serves the long-term interest of ratepayers. The department (1) shall not approve any proposal supported in any form of cross subsidization by entities affiliated with the electric distribution company, [~~and~~] (2) shall give preference to proposals that make efficient use of existing sites and supply infrastructure and support the goals outlined in the Comprehensive Energy Strategy, prepared pursuant to section 16a-3d, and (3) shall maximize production of instate electricity to support the achievement of the 2020 renewable portfolio standard goals of the state established in section 16-245a, including improving grid reliability and voltage stabilization. No such company may, under any circumstances, recover more than the full costs identified in a proposal, as approved by the department. Nothing in this section shall preclude the resale or other disposition of energy or associated renewable energy credits purchased by the electric distribution company, provided the distribution company shall net the cost of payments made to projects under the long-term contracts against the proceeds of the sale of energy or renewable energy credits and the difference shall be credited or charged to distribution customers through a reconciling component of electric rates as determined by the authority that is nonbypassable when switching electric suppliers.



CT ENERGY & TECHNOLOGY, LLC

Presentation material in support of written testimony to amend

Raised SB 224

An Act concerning the Capacity and Criteria for Certain Renewable Energy Generation Facilities

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SUGGESTED AMENDMENTS

MUNICIPAL RENEWABLE ENERGY ACT ***To Achieve 20% Renewable Energy By 2020 Amendments To***

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EFFECTS OF THE PROPOSED AMENDMENTS

1. INCLUDING ALL CLASS I RENEWABLE ENERGY TECHNOLOGIES SUPPORTS AND FURTHERS CONNECTICUT'S RENEWABLE ENERGY POLICY AND HELPS TO ACHIEVE CONNECTICUT'S GOAL OF 20% RENEWABLE ENERGY BY 2020.
2. ALLOWS OWNERS AND DEVELOPERS WORKING WITH THE SUPPORT OF MUNICIPALITIES TO FAST TRACK RENEWABLE ENERGY PROJECTS FOR TECHNICAL AND FINANCIAL EXAMINATION BY DEEP AND PURA.
3. INCREASES THE AGGREGATE CAPACITY FROM 30 MEGAWATTS TO 200 MEGAWATTS WHICH ALLOWS DEVELOPERS TO OBTAIN PROJECT FINANCING.

BENEFITS OF THE PROPOSED AMENDMENTS

The proposed amendments present the State of Connecticut and its municipalities with opportunities to realize substantial economic and tax revenue benefits from in-state renewable energy projects with no cost to Connecticut taxpayers.

1. CONNECTICUT IS HOME TO TWO MAJOR LEADERS IN THE FUEL CELL INDUSTRY, FUELCELL ENERGY AND DOOSAN FUEL CELL AMERICA. ALLOWING FUEL CELLS TO PARTICIPATE IN PROPOSALS UNDER 16-244(v) CREATES JOBS FOR CONNECTICUT COMPANIES.
2. IN-STATE RENEWABLE GENERATION PROJECTS USING FUEL CELL TECHNOLOGY PROVIDES SUBSTANTIAL TAX REVENUE STREAMS TO THE STATE AND HOST COMMUNITY.

Fuel cell projects that use Connecticut-manufactured fuel cells pay sales tax to the State of Connecticut on the initial purchase of the equipment and on the operations and maintenance throughout the life of the project, which creates a substantial tax revenue stream for the State. The host community benefits from property taxes collected on the project.

3. INCREASING THE AGGREGATE CAPACITY FROM 30 MEGAWATTS TO 200 MEGAWATTS WHICH ALLOWS DEVELOPERS TO OBTAIN PROJECT FINANCING.

Increasing capacity allows developers of Class I renewable energy projects to obtain long term contracts for larger projects. This is a critical element for project financing which will help make more Class I renewable energy projects financially viable.

**A NUMBER OF CONNECTICUT'S FEDERAL LEGISLATIVE LEADERS WEIGHED IN ON THE BENEFITS EXPANDING CLASS I
RENEWABLE ENERGY IN CONNECTICUT USING FUEL CELL TECHNOLOGY IN THIS LETTER TO
THE CONNECTICUT SITING COUNCIL**

Congress of the United States

Washington, DC 20510

December 1, 2013

Melanie Bachman
Acting Executive Director
Connecticut Siting Council
Ten Franklin Square
New Britain, CT 06051

Re: Petition No. 1184 – Beacon Falls Energy Park, LLC

Dear Ms. Bachman,

We write in support of the Beacon Falls Energy Park development project under consideration in the town of Beacon Falls. This project, when completed, will bring extraordinary benefits to the community and region through its clean energy generation, economic development of a former industrial site, and manufacture and use of Connecticut-based fuel cell technology.

Once completed, the Beacon Falls Energy Park will be the largest fuel cell project in the nation – generating substantial energy for residential use while making significant contributions towards Connecticut renewable energy goals. FuelCell Inc., a Connecticut-based company, has a proven record of developing and installing clean energy fuel cell projects in communities across the state, helping to bring new energy options to markets and demonstrating the significant capacity for this technology's benefits.

Connecticut continues to be a national leader in developing renewable and clean energy alternatives, and the Beacon Falls Energy Park promises to be the latest in a series of successful fuel cell projects. Its reuse of an industrial site is consistent with the goal of rehabilitating such sites and restoring them to economic viability. We understand some minor issues have been raised regarding the site including water main capacity, noise, and light, and that those issues are being worked on by all parties. Resolution of these concerns can be addressed by the Siting Council through conditions on any approval of the application.

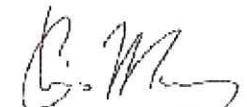
The Beacon Falls Energy Park project is an extraordinary opportunity to expand the use of clean energy on a large scale, giving Connecticut residents a strong example of alternative energy sources to meet current and future energy demands through a community compatible use of a formerly polluted property. Therefore, we fully support this project and ask for the Council's full and fair consideration of the application.

Sincerely,


RICHARD BLUMENTHAL
United States Senate


ROSA L. DELAURO
Member of Congress


ELIZABETH H. ESTY
Member of Congress


CHRISTOPHER S. MURPHY
United States Senate


JOHN M. GOSS
Member of Congress